

# Milk Pricing

## NEWSLETTER

Dairy Marketing Branch, CDFA

April 2006

### Cheddar Cheese and Grade A Butter Commodity Prices Fall . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity prices for Cheddar cheese and Grade A Butter decreased compared to last month. Consequently, the prices for all types of milk decreased compared to last month: whole milk decreased one and six tenths cents per gallon; reduced fat milk decreased one and five tenths cents per gallon; lowfat milk decreased one and four tenths cents per gallon; and skim milk decreased one and one tenth cents per gallon.

*\*See lowest reported lawful retail milk prices on page 2.*

Mild winter weather conditions have helped milk production across the U.S. to be strong and show increases compared to last year. California milk production is also higher than last year at this time. The combination of higher milk production and lackluster beverage milk sales helped dairy product production rise and dairy commodity inventories are on the increase. Processors continue to move a lot of the surplus milk production to butter and nonfat powder production. Cheese sales at the retail level have been flat but foodservice cheese sales have been strong.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for May 2006

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole Milk	\$1.061	\$0.530	\$0.265	\$0.133	\$0.088	\$0.066
Reduced Fat (2%)	\$0.982	\$0.491	\$0.245	\$0.123	\$0.082	\$0.061
Lowfat (1%)	\$0.937	\$0.469	\$0.234	\$0.117	\$0.078	\$0.059
Nonfat (Skim)	\$0.714	\$0.357	\$0.179	\$0.089	\$0.060	\$0.045
<b>Southern California</b>						
Whole Milk	\$1.084	\$0.542	\$0.271	\$0.136	\$0.090	\$0.068
Reduced Fat (2%)	\$1.005	\$0.503	\$0.251	\$0.126	\$0.084	\$0.063
Lowfat (1%)	\$0.961	\$0.481	\$0.240	\$0.120	\$0.080	\$0.060
Nonfat (Skim)	\$0.738	\$0.369	\$0.185	\$0.092	\$0.062	\$0.046

#### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.016 ↓	\$0.008 ↓	\$0.004 ↓	\$0.002 ↓	\$0.001 ↓	\$0.001 ↓
Reduced Fat (2%)	\$0.015 ↓	\$0.007 ↓	\$0.004 ↓	\$0.002 ↓	\$0.001 ↓	\$0.001 ↓
Lowfat (1%)	\$0.014 ↓	\$0.007 ↓	\$0.004 ↓	\$0.002 ↓	\$0.001 ↓	\$0.001 ↓
Nonfat (Skim)	\$0.011 ↓	\$0.005 ↓	\$0.003 ↓	\$0.001 ↓	\$0.001 ↓	\$0.001 ↓

#### California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

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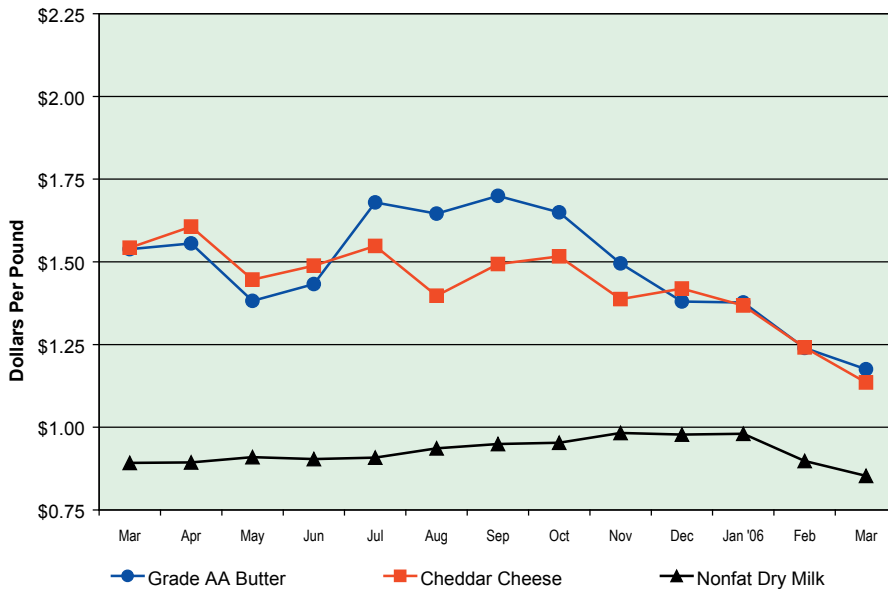
## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
April '05	\$0.21	\$1.50	\$0.57
May	\$0.21	\$1.50	\$0.57
June	\$0.21	\$1.40	\$0.54
July	\$0.21	\$1.40	\$0.54
August	\$0.22	\$1.49	\$0.57
September	\$0.22	\$1.49	\$0.57
October	\$0.23	\$1.59	\$0.61
November	\$0.23	\$1.59	\$0.61
December	\$0.23	\$1.50	\$0.58
January '06	\$0.23	\$1.50	\$0.58
February	\$0.22	\$1.35	\$0.52
March	\$0.22	\$1.35	\$0.52

### National Commodity Prices March 2005 - March 2006



### Lowest Reported Lawful Retail Prices for Milk April 2006

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.19	\$2.10
Reduced Fat	\$3.99	\$2.00
1% Lowfat	\$3.99	\$2.00
Nonfat/Skim	\$3.39	\$1.70
<u>Southern California</u>		
Whole Milk	\$4.07	\$2.04
2% Reduced Fat	\$3.87	\$1.94
1% Lowfat	\$3.87	\$1.94
Nonfat/Skim	\$3.23	\$1.62

This newsletter can also be found on our website at:  
[www.cdffa.gov/dairy/milkpricing-nl.html](http://www.cdffa.gov/dairy/milkpricing-nl.html)

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at [dairy@cdffa.ca.gov](mailto:dairy@cdffa.ca.gov), or by contacting TDD 1-800-735-0193.

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